

To: The Company Secretary
Scotland Gas Networks plc
Axis House
5 Lonehead Drive
Newbridge
Edinburgh
EH28 8TG

Consent issued by the Gas and Electricity Markets Authority under paragraph 2(b) of Standard Special Condition D4 (Prohibited Procurement Activities) of Scotland Gas Networks plc's Gas Transporter Licence

Whereas:

1. Scotland Gas Networks plc ("SGN") is the holder of a Gas Transporter Licence ("the Licence") granted under section 7 of the Gas Act 1986 ("the Act").
2. On 11 October 2013, SGN requested that the Gas and Electricity Markets Authority ("the Authority") grant a consent, pursuant to Standard Special Condition D4 of the Licence ("SSC D4"), for SGN to enter into an arrangement with SSE Energy Supply Limited ("SSEESL"), to ensure required Liquid Natural Gas (LNG) capacity holdings are in place at the Zeebrugge LNG terminal when and if SGN require them over the 2013/14 winter period. SSEESL is a gas shipper and affiliate of SGN.
3. On 29 October 2013, the Authority decided to implement the Uniform Network Code (UNC) urgent modification proposal (Urgent Modification 464) raised by SGN. This modification permits SGN to utilise alternate LNG arrangements other than those currently provided by the National Grid LNG facility at Avonmouth for the Scottish Independent Networks (SINs) located at Wick, Thurso, Campbeltown and Oban. This modification was urgent due to the need for a contingency plan to supply the SINs over the coming winter period in the event that the facility at Avonmouth fails.
4. To ensure SGN remains compliant with its obligations under SSC D4, SGN has requested that the Authority grant a consent under paragraph 2(b) of SCC D4. The consent will permit SGN to enter into contractual arrangements with SSEESL to ensure the required LNG capacity holdings are in place at the Zeebrugge terminal.
5. In addition, and due to the urgent requirement to have LNG capacity holdings over the 2013/14 winter period, the arrangements between SGN and SSEESL will only be in place

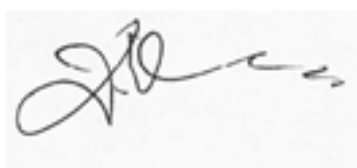
until 30 April 2014. For future winter periods SGN will be required to conduct a tender process for shippers to provide this service to SGN.

Reason for the Authority's decision to give consent

6. The Authority considers that it is appropriate to grant consent to SGN because it is satisfied that:
- (a) the contractual arrangements with SSEESL are necessary to ensure SGN's transportation licence obligations are maintained with respect to the SINS over the 2013/14 winter period; and
 - (b) SGN will consult with wider industry to develop a more formal process to be used in prospective years and a competitive tender process will be run to secure future arrangements with successful shippers.

Now therefore:

7. The Authority consents under paragraph 2(b) of SSC D4 that SGN enter into contractual arrangements with SSEESL to ensure the required LNG capacity holdings are in place at the Zeebrugge terminal.
8. This consent has effect on and from 15 November 2013 and shall remain in effect until 30 April 2014 or until the Authority decides to revoke or amend the consent in writing upon reasonable notice to the Licensee.
9. This document also constitutes notice for the purposes of section 38A of the Act in relation to the consent.



Signed:

Date: 15 November 2013

Dora Guzeleva
Head of Distribution Policy, Smarter Grids and Governance (Distribution)
Duly authorised on behalf of the Gas and Electricity Markets Authority